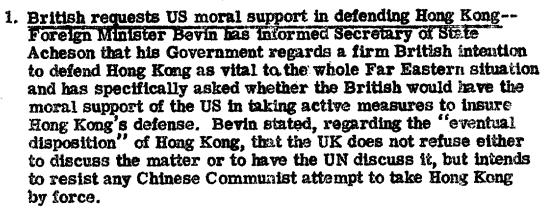
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GENERAL



Bevin indicated that the British do not anticipate a Chinese Communist attack on Hong Kong before September at the earliest and revealed that the British are dispatching substantial land, sea, and air reinforcements to the Far Eastern forces, which are expected by September to be able to resist any Chinese Communist attack. The British, according to Bevin, recognize the serious difficulties involved in the dispatch of these forces, in view of its effect on Western Union and the strategic reserves in Germany and the Mediterranean, but believe that the risks must be accepted. After pointing out that an attack on Hong Kong would constitute aggression under the UN charter and would justify a British appeal to the Security Council, Bevin expressed the hope that the US and the Commonwealth countries would give the UK moral support as a contribution to a joint resistance to Communist expansion.

2. Italian concern over unilateral British action in Libya--Italian Premier De Gasperi has expressed to US Ambassador Dunn his concern over reported British plans for an independent Cyrenaica. De Gasperi points out that Italy has officially declared an intention to stand by the Bevin-Sforza agreement on

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disposition of the colonies and declares that such unilateral British action would have a catastrophic effect on Italian public opinion. De Gasperi believes that such action would cause the resignation of Italian Foreign Minister Sforza and would profoundly affect the future of western European cooperation.

(CIA Comment: De Gasperi fears that such unilateral British action would practically preclude Italian chances for attaining trusteeship over Tripolitania. The carrying out of the British plans would further undermine Foreign Minister Sforza's prestige, already damaged by his inability to obtain a favorable solution at the last UN session, and might cause his resignation.)

THE AMERICAS

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	3.	BOLIVIA: Government threatened by combined opposition
j.	25X1X4	PIR. the lettlet tarry controlling
-		the Bolivian Railroad Federation, has decided to call a national
		wide strike and that workers on one important line are already
	25X1X4	Out. the government is resolved to continue
		all-out resistance to the strikers even to the extent of declaring martial law.
	.	(CIA Comment: Although the Bolivian government is
		now in an extremely precarious position as a result of the PIR
	•	decision to support the tin-mine strikes, the army, which has
	*	so far been loyal to the administration, remains the key to poli-
		tical stability. If the army is subverted by the combined PIR-
		MNR forces, the resulting state of chaos would probably continue
		until these two groups could establish a coalition government.
		A government dominated by either of these groups would be
	•	anti-US.)